# TABLE OF CONTENTS

## TAB I

**REPORT**  
Texas A&M University  
Review of Human Subject Research Compliance

## TAB II

**REPORT**  
Prairie View A&M University  
Review of Health, Safety, and Environmental Management

**REPORT**  
Texas A&M University – Kingsville  
Review of Student Housing Operations

**REPORT**  
The Texas A&M University System Offices  
Review of Facilities Planning and Construction

**REPORT**  
The Texas A&M University System  
Compliance with THECB Reporting Requirements

## TAB III

**REPORT**  
Texas A&M University  
Review of Cancer Prevention and Research Institute of Texas Grant Awards

**REPORT**  
Texas A&M AgriLife Research  
Review of Cancer Prevention and Research Institute of Texas Grant Awards

**REPORT**  
Texas A&M Health Science Center  
Review of Cancer Prevention and Research Institute of Texas Grant Awards

**REPORT**  
Texas A&M AgriLife Extension Service  
Review of Cancer Prevention and Research Institute of Texas Grant Awards

**REPORT**  
Texas A&M Engineering Experiment Station  
Review of Cancer Prevention and Research Institute of Texas Grant Awards
The Texas A&M University System Internal Audit Department

Second Quarter Report for Fiscal Year 2014

TEXAS A&M UNIVERSITY

Review of Human Subject Research Compliance

Catherine A. Smock, C.P.A.
Chief Auditor

Project #20140201
Overall Conclusion

Currently, the Human Subjects Protection Program (HSPP) at Texas A&M University has been able to maintain processes and controls to demonstrate compliance with most of the laws and policies governing human subject research compliance. However, the loss of any HSPP employee could significantly impact the operation of the program. Staffing levels within the HSPP need to be reassessed, particularly given the importance within the A&M System for growth in research funding and the establishment of a strong culture of compliance. Additionally, even though indicated as implemented, the university continues to need to address two prior audit issues from 2010 including improving its compliance with required human subject research training and establishing performance targets for the HSPP’s performance measurement system. Other opportunities for improvement were noted in the areas of human subject research at the new Texas A&M School of Law, conflict of interest disclosure statements, and disaster recovery planning for the web-based research compliance management system (iRIS).

The university’s HSPP provides human subject research compliance services for most A&M System members located in the Brazos Valley.

Summary of Significant Results

Program Staffing and Efficiency

At current staffing levels, the volume of human subject research applications submitted to the HSPP increases the risk of noncompliance with human subject research requirements. HSPP staff consists of three coordinators plus an HSPP manager and post approval monitor. During the 11-month period from January to November 2013, more than 2,500 applications (230 applications per month) were submitted to the HSPP for review. The extent of time required to process and review applications has greatly limited the amount of time the HSPP staff can devote to other assigned duties important to maintaining the effectiveness and efficiency of the program. This includes compliance outreach activities, IRB support, training, and maintaining content on the HSPP website. Additional HSPP
staff time and effort is also needed to increase operational efficiencies within the current human subject research compliance processes which would help alleviate some of the HSPP staff workload issues and increase the effectiveness of their performance. These operational inefficiencies relate to the need for further implementation of the new iRIS system as well as the extent of rework required by researchers and HSPP staff to generate complete applications due to errors and omissions when applications are initially submitted. The lack of sufficient resources, along with inefficient operational processes, increases the university’s risk of noncompliance with human subject research requirements which could damage the reputation of the A&M System and potentially result in sanctions from federal research agencies.

**Human Subject Research Training – Repeat Audit Observation**

Continued exceptions were noted in which required human subject research training was not completed prior to IRB approval of human subject research applications as noted in a prior audit in 2010. Five of 40 (13%) human subject research applications tested included research personnel that did not complete the required training prior to IRB approval. Management developed additional process controls to oversee completion of required training; however, these controls were not effectively implemented due to time constraints as well as difficulties in transferring researchers into the new iRIS system. Completion of required training is an important control process that helps ensure research personnel are aware of applicable federal laws and risks related to their research applications and comply with applicable laws and university procedures.

**Performance Measures – Repeat Audit Observation**

Specific performance targets to determine the effectiveness of the HSPP in achieving its goals and objectives have not been established as recommended in a prior audit in 2010. While the HSPP currently tracks performance-related information, it does not provide management with performance information that clearly communicates the HSPP’s progress in achieving its goals and objectives. In addition, the goals and objectives for the HSPP may not be clear making it difficult to determine the extent of resources and staffing needed to meet the needs of the university and researchers.
Summary of Management’s Response

Management agrees with the recommendations made in this report. Although significant changes were made to strengthen the HSPP following an extensive internal review and assessment of the program, management is taking further steps to enhance the program by adding staff to meet the growing needs of the research community; developing additional management reports; conducting a workload study; and assessing and implementing process changes to meet the needs and expectations of management and enhance service to researchers.
Detailed Results

1. Program Staffing and Efficiency

**Staffing levels within the HSPP need to be reassessed to make sure that a strong human subject research compliance program is available, particularly given the importance of research growth and compliance to the university’s and A&M System’s strategic missions.** The loss of any HSPP employee for an extended period could significantly impact the operation of the HSPP. HSPP staff consists of three coordinators plus an HSPP manager and post approval monitor. The three coordinators have 30% of their effort dedicated to processing and reviewing human subject research applications for the university and local A&M System research agencies. During the 11-month period from January to November 2013, more than 2,500 applications (230 applications per month) were submitted to the HSPP for review. This equates to an average of only 30 minutes per application per HSPP coordinator. The process of reviewing applications is very complicated and time consuming. Applications contain multiple requirements that are often supported with lengthy and complex research project information that HSPP staff must review, verify, and analyze prior to forwarding for IRB approval. In some cases, additional time is spent dealing with multiple instances in which applications have to be returned to researchers due to errors or omissions. The 45 Code of Federal Regulations (45 CFR), 46.103(b) (2), states that there should be sufficient staff to support the IRB’s review and recordkeeping duties.

The extent of time required to process and review applications has greatly limited the amount of time HSPP staff has devoted to other assigned duties important to maintaining the effectiveness and efficiency of the program. This includes compliance outreach activities, IRB support, training, and maintaining content on the HSPP website. Additional HSPP staff time and effort is needed to increase operational efficiencies within the current human subject research compliance processes which would help alleviate some of the HSPP staff workload issues and increase the effectiveness of their performance. For instance, although a web-based research compliance management system (iRIS) was recently implemented to automate various compliance processes, efficiencies can be improved as software conversion issues are resolved and additional management reports are generated to fully leverage this new system. In addition, the research application submission process includes delays, in that applications often require rework and must be resubmitted by research personnel, increasing the time spent by HSPP staff reprocessing and reviewing these applications which is inefficient.
The lack of sufficient resources, along with inefficient operational processes, increases the university's risk of noncompliance with human subject research requirements which could damage the reputation of the system and potentially result in sanctions from federal research agencies. It is essential for the university and the research agencies to demonstrate a strong research compliance environment in order to attract new research opportunities and funding and to comply with applicable laws and policies.

**Recommendation**

Perform a workload study to determine the minimum staffing level needed within HSPP to ensure compliance with federal requirements and meet the needs of researchers and expectations of management.

Improve efficiencies within the current human subject research compliance process by developing additional management reports within the iRIS system or using other management tools.

Track application submission errors by type, researcher, and/or department to determine areas where additional guidance and enforcement efforts are needed to avoid processing delays and improve the quality of applications submitted.

**Management’s Response**

*Management agrees with the recommendation. Management has completed an initial assessment of staffing levels and has initiated the approval process for adding one position to the human subject protection program. A workload study will be conducted and current management reports will be assessed and additional reports will be developed to meet the needs of management and enhance service to researchers. Steps will be taken to identify common application errors and provide additional guidance as appropriate.*

*Anticipated completion date: August 31, 2014*

2. **Human Subject Research Training – Repeat Audit Observation**

*Continued exceptions were noted in required human subject research training completion prior to IRB approval of human subject research applications as noted in a prior audit in 2010.* Five of 40 (13%) applications tested did not have required human subject research training completed by all research personnel prior to IRB approval. IRB Standard Operating Procedure (SOP) 137, *Training of Research Community* requires that all personnel who participate in regulated human subjects'
research activities must successfully complete human subject research training to be eligible for approval as a participant on an application. Management developed this SOP as a result of our prior audit in order to provide and monitor human subject research training including sending automated training notices to research personnel and utilizing monthly reports to verify completion of training. However, these process controls were not effectively implemented due to time constraints as well as difficulties in transferring researchers into the new iRIS system. This required many researchers to be manually added to the system which was very time consuming and prone to error due to the number of active applications at the time of transition.

University Rule 15.99.01.M1, Human Subjects in Research indicates that HSPP is responsible for developing, communicating, implementing, and maintaining a Training, Outreach, and Education Plan to ensure that individuals involved with human research protection have appropriate knowledge and skills. Completion of required training is an important control process that helps ensure research personnel are aware of applicable federal laws and comply with these laws and risks related to their research applications and university procedures. Noncompliance with required training reduces the university’s position for demonstrating a strong culture of research compliance.

**Recommendation**

Increase monitoring and oversight to ensure all research personnel involved with a human subjects research application have completed required training prior to IRB approval of the application as required by IRB SOP 137, Training of Research Community.

Expand the capabilities of iRIS to capture all research personnel involved with a research application. Alternatively, improve current manual processes to ensure researchers are added to the system accurately.

**Management’s Response**

*Management agrees with this recommendation. Processes will be enhanced to ensure researchers are added to the iRIS system and have completed required training prior to IRB approval.*

*Anticipated completion date: December 31, 2014*
3. Performance Measures – Repeat Audit Observation

**HSPP currently tracks performance-related information, but specific performance targets have not been established as recommended in a prior audit.** For instance, application processing times are being tracked but targets have not been established to determine whether applications are being processed in a timely manner. Absence of specific performance targets increases the risk that HSPP does not achieve its goals and objectives. In addition, expectations for HSPP may not be clear making it difficult to determine the extent of resources and staffing needed for HSPP to achieve its objectives and meet the needs of researchers. The switch to an electronic compliance management system (iRIS) and changes in leadership since the previous audit in 2010 contributed to the department’s delay in establishing formal performance targets. Targets are important as indicated in the State of Texas’ Guide to Performance Measure Management which states that achievement of performance targets will be among an institution’s highest priorities and variances from performance targets will be promptly identified and addressed. Without specific performance targets, the information collected does not provide management with information that clearly communicates if the HSPP is achieving its goals and objectives.

**Recommendation**

Develop specific measurable performance targets for the HSPP that are consistent with the program’s objectives. Track and report corresponding performance data to ensure HSPP achieves its objectives. Utilize the performance targets during the workload analysis recommended in observation #1 above to determine the resources needed for HSPP to achieve its stated performance expectations.

**Management’s Response**

*Management agrees with this recommendation. Performance targets will be developed, tracked, and utilized in connection with the workload analysis that will be conducted.*

*Anticipated completion date: August 31, 2014*
4. **Integration of School of Law Research Protocols**

It is unclear whether human subject research is being performed by the university’s new School of Law and whether protocols, if any, are being properly reviewed. Initial information has been gathered, but a formal plan has not yet been developed to identify and integrate research protocols at the new Texas A&M School of Law into the university’s human subject research compliance process. As a result, there is a greater potential for noncompliance with human subject research requirements. A&M System Regulation 15.99.01, *Use of Human Subjects in Research*, requires all research on human subjects, whether funded or unfunded, be approved by the member’s IRB before the initiation of the research project.

**Recommendation**

Determine the extent to which human subject research is occurring at the Texas A&M School of Law. Complete the integration of any human subject research compliance processes for the Texas A&M School of Law to the university’s processes.

**Management’s Response**

*Management agrees with this recommendation and expects to complete its plan for integration by August 31, 2014.*

*Anticipated completion date: August 31, 2014*

5. **Conflict of Interest Disclosure Statement**

Seven of 40 (18%) human subject research applications tested involved research personnel that did not fully or properly complete a conflict of interest statement as required. Disclosure statements were often submitted, but not completed fully or properly by research personnel. Monitoring of this requirement by HSPP was limited due partly to staffing issues as well as a limitation within the iRIS system that does not recognize all research personnel by position title. In addition, the current conflict of interest disclosure form may be confusing and does not have certain edit checks to control the information being provided.

A&M System Regulation 15.01.03, *Financial Conflicts of Interest in Sponsored Research*, and 45 CFR Part 94 indicate that disclosing financial conflicts of interest to human subject research participants is a method to manage, reduce, or eliminate these conflicts. IRB SOP 105, *Investigator Conflict of Interest*, states it is imperative...
that investigators with conflicts of interest declare those conflicts for review by the IRB to ensure adequate protection of human research subjects. Lack of proper conflict of interest disclosures increases the risk of noncompliance with human subject research requirements.

**Recommendation**

Provide additional guidance and oversight to ensure all research personnel involved with human subject research properly and fully complete and submit the required conflict of interest disclosure statement prior to IRB approval of the respective research application. Redesign the current conflict of interest disclosure form as needed to ensure it is clear and understandable and includes automated edit checks within the form where feasible.

Determine whether researcher conflicts of interest disclosures are addressed in other areas of the university’s research compliance process to avoid potential duplication of effort in this area.

**Management’s Response**

*Management agrees with this recommendation and is assessing its disclosure process to develop and implement changes to reduce the risk of noncompliance and avoid duplication of effort in other areas.*

*Management expects to complete its assessment and develop an updated disclosure process by December 31, 2014.*

6. **Disaster Recovery Planning**

The current disaster recovery plan for the iRIS system does not address all necessary elements needed to ensure this critical system remains available for research compliance operations in the event of a disaster. Critical research data is being backed up and tested; however, other disaster recovery planning elements required by Texas Administrative Code (TAC) 202.24, Business Continuity Planning have not yet been fully included in the plan. These elements include measures of the impact and magnitude of loss or harm that will result from an interruption; recovery resources and a source for each; step-by-step implementation instructions; and provisions for annual testing. Loss of availability of the iRIS system could impact human subject research compliance operations especially given the increasing use of the system for protocol submission and tracking. iRIS was only recently implemented and management indicated that they plan to utilize a new university
template which contains all the required elements for a disaster recovery plan when updating their iRIS disaster recovery plan.

**Recommendation**

Complete current plans to update the existing disaster recovery plan for the iRIS system to address all necessary elements required by TAC 202.24, *Business Continuity Planning*. Include the updated plan in the business continuity plan for the Division of Research Systems Group as required.

**Management’s Response**

Management agrees with this recommendation and has updated the existing disaster recovery plan for the iRIS system to address all necessary elements required by TAC 202.24, *Business Continuity Planning*. The updated plan has been included in the business continuity plan for the Division of Research Systems Group.
Basis of Review

Objective and Scope

The overall objective of this audit was to review controls and processes at Texas A&M University to ensure human subject research activities are in compliance with laws and policies. The selected human subject research compliance areas reviewed included research applications, training, IRB membership, investigations of noncompliance, and information technology controls. The audit focused primarily on compliance and monitoring processes in these areas. In addition, a follow-up audit was performed of our prior report, Review of the Human Subjects Protection Program, which was issued in the Third Quarter Report, Fiscal Year 2010. The objective of this follow-up audit was to determine if recommendations in our prior audit were implemented. The audit period focused primarily on activities from September 1, 2012 to October 31, 2013. Fieldwork was conducted from October to November, 2013.

Criteria

Our audit was based upon standards as set forth in the System Policy and Regulation Manual of the Texas A&M University System; Texas A&M University Rules and Standard Administrative Practices; IRB Standard Operating Procedures, Title 45 Code of Federal Regulations (CFR) Part 46 Protection of Human Subjects; Texas Administrative Code 202.74 Business Continuity Planning; the State of Texas’ Guide to Performance Measure Management; and other sound administrative practices. This audit was conducted in conformance with the Institute of Internal Auditors’ “International Standards for the Professional Practice of Internal Auditing.”

Additionally, we conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.
Audit Team

Charlie Hrncir, CPA, Director
Brian Billington, CPA, Audit Manager
Lori Ellison
Mark Heslip
Darin Rydl, CPA

Distribution List

Dr. Mark A. Hussey, Interim President
Dr. Karan L. Watson, Provost and Executive Vice President for Academic Affairs
Ms. B.J. Crain, Vice President for Finance and Administration
Dr. Glen A. Laine, Vice President for Research
Ms. Katherine Rojo del Busto, Associate Vice President for Research, Research Compliance Officer
Dr. Catherine L. Higgins, Human Subjects Protection Program Manager
Mr. Charley Clark, Associate Vice President for University Risk and Compliance
Dr. Jon Mogford, TAMUS Vice Chancellor for Research
Dr. Bruce M. Whitney, TAMUS Chief Research Compliance Officer
Mr. Leo Paterra, Executive Director, TAMUS Sponsored Research Services
Chief Executive Officers, Chief Financial Officers, Chief Research Officers, and Compliance Officers of Participating System Members
PRAIRIE VIEW A&M UNIVERSITY

Review of Health, Safety, and Environmental Management

Catherine A. Smock, C.P.A.
Chief Auditor
Overall Conclusion

Prairie View A&M University's processes and controls over health, safety, and environmental management provide reasonable assurance that a safe environment exists for students, employees, and visitors in compliance with applicable laws and policies except in the area of employee safety training. Significant improvements are needed in employee compliance with hazardous communication and bloodborne pathogen training. Opportunities for additional improvements were also noted in the areas of fire and life safety inspection planning and departmental operating procedures.

Summary of Significant Results

Employee Safety Training

The university does not have an effective mechanism in place to identify and provide hazardous communication (HazCom) and bloodborne pathogens (BBP) training for employees. A&M System regulations as well as state and federal regulations require HazCom and BBP training for employees with position duties that potentially expose them to hazards. Significant noncompliance rates were noted in our sampling of employee safety training records. The risk of injury to employees from exposure to chemicals or bloodborne pathogens due to improper understanding, handling, use, or storage of those substances is increased when timely training is not provided.

Summary of Management’s Response

Management appreciates the System Internal Audit Department’s efforts to identify issues needing improvement and steps necessary to ensure that improvement is achieved. We are committed to satisfactorily addressing these issues and have developed and enhanced procedures to address these issues.
Detailed Results

1. Employee Safety Training

The university does not have an effective mechanism in place to identify and provide HazCom and BBP training for employees in positions with potential exposure to these hazards. Three of 11 (27%) employees tested did not have required HazCom training, and 88 of 101 (87%) employees tested did not have required BBP training. A&M System regulations as well as state and federal regulations require HazCom and BBP training for employees with position duties that potentially expose them to hazards.

Employees who have the potential for exposure to hazardous chemicals are required to complete HazCom training before performing functions which may involve exposure. In addition, employees in job classifications identified as a risk for occupational exposure to bloodborne pathogens are required to receive BBP training prior to initial assignment to tasks where occupational exposure may occur, and annually thereafter. Each university department is responsible for contacting the Office of Environmental Health and Safety (EHS Office) for HazCom training and/or the Health Center for BBP training to request required training for new employees in their department. Monitoring procedures are not in place to ensure that all employees receive the necessary training before exposure to hazards, as well as meet ongoing annual training requirements.

The university does not have a bloodborne pathogen exposure plan which would identify positions required to take BPP training. The university has a hazardous communication program; however, the program does not identify positions that need to receive HazCom training. Identifying key positions that are required to have training provides a means to target employees that need the training in a timely manner. Relying on each department on campus to make training assignments is inefficient and increases the likelihood that employees will not receive appropriate training. Using online training through the TrainTraq system when feasible rather than classroom training is more efficient for delivery of the training information as well as monitoring to ensure employees complete their training assignments.

Recommendation

Develop a bloodborne pathogen exposure control plan. Ensure that all employees with the potential exposure to hazardous chemicals and bloodborne pathogens
receive safety training prior to initial exposure to these hazards. Utilize the automated features within the TrainTraq system to provide HazCom and BBP training as well as monitor and track employee safety training for timely completion and compliance with training requirements.

**Management’s Response**

*We agree with your recommendations and are instituting a formal process to ensure these requirements are implemented. The Environmental Health and Safety Department is working with various departments to conduct the following:*

- *Develop a written bloodborne pathogen control plan. This plan will provide direction on identifying positions required to participate in the plan, outline plan expectations, and provide plan components.*

- *The hazardous communication program will be amended to provide HazCom training for applicable university employees.*

- *The TrainTraq system will be utilized to assign and track trainings related to both bloodborne pathogens and HazCom.*

*These activities are being implemented and will be completed by December 31, 2014.*

2. **Fire and Life Safety Inspection Plan**

*The university does not have a documented fire and life safety inspection plan to determine the inspection frequency of campus facilities.* The EHS Office inspects 75% of the university buildings each year. Some buildings have not been inspected for three years, but there is no documentation to support why some buildings are inspected while others are not. An annual plan with a risk evaluation ranking model to determine building inspection priority has not been documented to ensure all buildings receive periodic inspections. Using a risk ranking model provides support for the frequency and rotation of building inspections and provides assurance that all buildings are scheduled for inspection.

**Recommendation**

Develop a risk-based fire and life safety inspection schedule of the various facilities to determine the inspection frequency necessary to ensure a safe teaching and working environment.
Management’s Response

*We agree with your recommendations, and the EHS Office will develop a written procedure outlining fire and life safety inspections to include scheduling methodology and follow-up inspection processes.*

*This process will be implemented by May 31, 2014.*

3. Departmental Operating Procedures

The EHS Office lacked a comprehensive set of departmental operating procedures to support the laboratory safety and fire and life safety inspection processes. Audit testing indicated that inspections are taking place and deficiencies are being monitored and cleared. However, the procedures followed by the EHS Office to schedule and perform inspections, report results, and monitor deficiencies for corrective action are not documented. Without documented procedures, new and existing employees may not have the information needed to perform their responsibilities in adherence with requirements established by management.

Recommendation

Develop a comprehensive set of documented departmental operating procedures for laboratory safety and fire and life safety inspection processes.

Management’s Response

*We agree with your recommendations, and the EHS Office will develop a comprehensive set of documented departmental operating procedures for laboratory safety and fire and life safety inspection processes.*

*This process will be implemented by July 31, 2014.*
Basis of Review

Objective and Scope

The objective of the audit was to review the controls over health, safety, and environmental management to determine if Prairie View A&M University is in compliance with laws and policies, and provides reasonable assurance that a safe environment exists for employees and visitors. The review of health and safety focused on laboratory safety, fire and life safety, biological safety, hazardous chemical administration, and safety training. According to the System Office of Risk Management, the university has submitted their environmental management plan information in compliance with A&M System requirements. The audit period focused primarily on activities from September 2012 to August 2013. Fieldwork was conducted from October to December 2013.

Criteria

Our audit was based upon standards as set forth in the System Policy and Regulation Manual of the Texas A&M University System and other sound administrative practices. This audit was conducted in conformance with the Institute of Internal Auditors’ “International Standards for the Professional Practice of Internal Auditing.”

Additionally, we conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.
Audit Team

Dick Dinan, CPA, Director
Sandy Ordner, CPA, Audit Manager
Aliza Dirden, CIA
Chris Powell

Distribution List

Dr. George C. Wright, President
Dr. Michael McFrazier, Vice President of Administration
Dr. Corey Bradford, Senior Vice President for Business Affairs
Dr. Cynthia A. Carter, Associate Vice President for Business Services
Mr. Aaron Scheffler, Director of Environmental Health and Safety
Ms. Lydia Cavanaugh, Director of University Compliance
The Texas A&M University System Internal Audit Department

Second Quarter Report for Fiscal Year 2014

TEXAS A&M UNIVERSITY - KINGSVILLE

Review of Student Housing Operations

Catherine A. Smock, C.P.A.
Chief Auditor

Project #20141702
Overall Conclusion

Texas A&M University – Kingsville has established financial management and physical security controls over student housing operations that provide reasonable assurance that the university's housing operations are in compliance with applicable laws and policies. Opportunities for improvements were identified in the areas of financial reporting, manual processing, and housing exception request compliance.

Summary of Management’s Response

The leadership of Texas A&M University-Kingsville is pleased that reasonable assurances exist to show that housing operations are in compliance with applicable laws and policies. We agree that there are opportunities for improvements as outlined in this report, and changes will be made accordingly to improve processes and reporting.

Detailed Results

1. Financial Reporting

Opportunities exist to strengthen financial management within the university housing operations reporting and cost allocations. Periodic financial statements such as a balance sheet and income statement are not being prepared for university housing operations. The Department of Housing and Residence Life obtains information from the Financial Accounting Management Information System (FAMIS) accounts for ad hoc financial inquiries and for monitoring the financial status of the department's accounts. There are separate FAMIS accounts for each residence hall; however, they do not provide accurate cost center information for each residence hall to allow management to determine the financial performance and self-sufficiency of the individual residence halls. Allocation methods have not been developed to ensure that administrative overhead costs are equitably distributed among the residence halls.

A&M System regulations on financial reporting state that academic institutions are encouraged to maintain proprietary basis reports of expenses and revenues and a comprehensive balance sheet for the results of auxiliary operations and service
departments. Periodic financial statements with complete cost information provide ongoing information to management when making decisions for both short-term and long-term housing operations such as maintenance and renovation of facilities as well as decisions on new construction and residence hall rates.

In fiscal year 2013, the university’s housing operations had revenues of $10 million. Annual expenses, including debt service on two new residence halls and funds set aside for maintenance reserves, totaled $8.7 million.

**Recommendation**

Develop periodic financial statements for the university Department of Housing and Residence Life that would provide a comprehensive assessment of operating activities and fund balances for each area of the department’s operations. Develop allocation methods to equitably distribute administrative overhead to provide accurate profit and loss information for individual residence halls.

**Management’s Response**

*The Department of Housing and Residence Life will work to provide accurate monthly profit and loss statements beginning no later than June 30, 2014. Funds will be equitably distributed among each profit center to clearly show accurate information for each residence hall.*

2. **Inefficiencies in Housing Processes**

There are opportunities to increase efficiencies in student housing processes. The department is operating with paper files and records that require manual processing and maintenance. Additional time is needed to manually maintain these files creating inefficiencies. The department does not use an imaging system or an automated housing administration software system. Housing applications are submitted in paper form (no online application process). Housing deposits are received by mail or in person with payments made using cash or checks without the option of online payments. Information from paper application forms is manually input into Banner. Student housing is manually assigned and managed using the paper housing application forms in binders. Housing checkout and deposit refund processes use multiple manual forms. Automating processes creates efficiencies and reduces the possibility of manual errors. Automating housing processes provides opportunities to increase controls over student housing information and housing application deposits as well as increasing efficiencies for students and parents.
Recommendation

Increase the utilization of online electronic forms or software for critical housing processes, including online payment of housing deposits. Consider the use of electronic imaging software to store files electronically.

Management’s Response

*The Department of Housing and Residence Life will work with the Business Office to ensure that student payments can be made online through Marketplace no later than August 31, 2014. Staff will be trained to use the imaging system to scan and store documents and upload them into Banner no later than August 31, 2014.*

3. On-campus Housing Exception Requests

The on-campus student housing exception request requirement is not being followed resulting in current practices that are not in agreement with published requirements. The university had a requirement, published on the university website, that all single students under 20 years of age with less than 30 hours were required to live on campus or submit an on-campus student housing exception request for approval. Students meeting these criteria without an approved exception would automatically be charged for on-campus housing and a meal plan. In a review of thirty students with less than 30 hours and living off campus, 24 (80%) did not have an approved request on file and none of them were billed for on-campus housing and meal plans.

During the past several years, the university has experienced high occupancy rates and may not have the capacity for all required students to live on campus. The on-campus housing exception request requirement has not been reviewed and updated in several years, and may need to be modified to more closely align with the current student housing environment.

Recommendation

Review the university’s on-campus housing requirements and related exception request requirements to reflect current procedures in practice, or enforce the requirement for all freshman students not living in the residence halls to submit an exception request form.
Management’s Response

The Department of Housing and Residence Life will seek approval of a new housing exemption rule no later than June 30, 2014. Processes will be aligned with the new rule immediately, and all students who reside outside of the commutable distance of campus will be required to complete exemption forms. If not approved, the students will be billed for on-campus housing.

Basis of Review

Objective and Scope

The objective of the audit was to review controls over student housing operations and determine the extent to which financial operations and physical security controls are operating efficiently and effectively and in compliance with laws and policies.

The review of student housing operations focused on financial reporting and rate analysis, safety and security, housing application and exemption processes, billing and refund processes, performance measures, and customer satisfaction. The audit period focused primarily on activities from September 2012 to August 2013. Fieldwork was conducted from November 2013 to January 2014.

Criteria

Our audit was based upon standards as set forth in the System Policy and Regulation Manual of the Texas A&M University System and other sound administrative practices. This audit was conducted in conformance with the Institute of Internal Auditors’ “International Standards for the Professional Practice of Internal Auditing.”

Additionally, we conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.
Audit Team

Dick Dinan, CPA, Director
Sandy Ordner, CPA, Audit Manager
Danielle Carlson, CPA
Aliza Dirden, CIA
Katina Greenlee, CPA
Chris Powell

Distribution List

Dr. Steven H. Tallant, President
Dr. Terisa Riley, Senior Vice President for Fiscal and Student Affairs
Mr. Thomas Martin, Executive Director of Housing and Residence Life
Ms. Lallah Howard, Associate Vice President and Comptroller
Ms. Karen Royal, Director of Compliance
THE TEXAS A&M UNIVERSITY SYSTEM OFFICES

Review of Facilities Planning and Construction

Catherine A. Smock, C.P.A.
Chief Auditor
Overall Conclusion

The Texas A&M University System Office of Facilities Planning and Construction (FP&C) has controls in place that provide reasonable assurance that the A&M System is in compliance with state laws and A&M System policies governing major construction projects. An opportunity for improvement was noted in the monitoring of Historically Underutilized Business (HUB) Subcontracting Plans by the System Office of HUB and Procurement Programs (HUB Office).

Detailed Results

Monitoring HUB Subcontracting Plans

**HUB Subcontracting Plans (HSPs) are not monitored as required.** The execution of the HSPs for construction contracts was not monitored monthly by the HUB Office for any construction projects. Required monthly HSP compliance reports from the contractors are provided to the System Office of Budgets & Accounting for HUB reporting purposes. The HUB Office does not compare these compliance reports to the HSP to determine if the value of the subcontracts met or exceeded the estimated provisions in the HSP.

The Texas Government Code 2161 and the Texas Administrative Code 20.14 require all contracts of $100,000 or more to have an HSP if subcontractors may be used. State entities are required on a monthly basis to monitor contractor compliance with the HSP. Without an effective monitoring process in place, the A&M System cannot ensure that contractors and the A&M System are meeting their HUB obligations.

**Recommendation**

Develop procedures to ensure the contractor’s execution of the HSP is monitored monthly in compliance with state law and the contractor is notified of deficiencies.

**Management’s Response**

*FP&C management agrees with this finding. In order to address the finding, FP&C has worked collaboratively with the System Office of HUB and Procurement to develop and implement a process to monitor and document that an*
architect/engineer or contractor is making satisfactory progress towards complying with the goals stipulated in their HUB subcontracting plan.

The modified process consists of making changes to the A&M System’s standard monthly payment application forms that now will require vendors to submit data to demonstrate their progress towards meeting the goals stipulated in their HUB Subcontracting Plans. These forms are then forwarded to the System Office of HUB and Procurement where they are reviewed and signed off by the System’s HUB manager. In the event that satisfactory progress is not being achieved, the System HUB manager is afforded the opportunity to notify the vendor that they are not meeting their HUB obligations.

This modified process has already been implemented, and all affected vendors have been notified of their obligation to provide the required information on all future monthly payment application forms submitted to FP&C.

Basis of Review

Objective and Scope

The overall objective was to review and assess FP&C’s management control systems to determine if resources are used in compliance with laws, policies, and regulations. The review focused on the processes for post-construction audits, capital planning, selection of architect/engineers and construction contractors, substantial completion, project close-out, HUB requirements, and project communications with A&M System members. The audit period focused primarily on activities from January 1, 2012 to June 30, 2013. The fieldwork was conducted from September to December 2013.

Criteria

Our audit was based upon standards as set forth in the System Policy and Regulation Manual of the Texas A&M University System; Texas Government Code; Texas Administrative Code; Texas Education Code; Facilities Planning and Construction’s Project Procedures; and other sound administrative practices. This audit was conducted in conformance with the Institute of Internal Auditors’ “International Standards for the Professional Practice of Internal Auditing.”

Additionally, we conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan
and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Team

Charlie Hrncir, CPA, Director
Holly Blue, CPA
Kendall Kleiber, CPA

Distribution List

Mr. John Sharp, Chancellor
Mr. Billy Hamilton, Executive Vice Chancellor and Chief Financial Officer
Mr. Phillip Ray, Chief Business Development Officer
Mr. Russ Wallace, Director of Facilities Planning and Construction
Mr. Joseph Duron, Executive Director, Budgets and Accounting
Mr. Dan Kennedy, Assistant Director of Planning and Controls
Mr. James Davidson, Area Manager Controls
Mr. Don Barwick, Manager of HUB and Procurement Programs
Second Quarter Report for Fiscal Year 2014

THE TEXAS A&M UNIVERSITY SYSTEM

Compliance with THECB Reporting Requirements

Catherine A. Smock, C.P.A.
Chief Auditor
Overall Conclusion

The Texas A&M University System and its members have controls in place to ensure compliance with the Texas Higher Education Coordinating Board’s (THECB) requirements for approval or re-approval of real property acquisitions, new construction projects, and repair and renovation projects. Approvals and/or re-approvals were appropriately obtained for the sample of projects tested in accordance with THECB rules in effect at the time of acquisition or construction.

Basis of Review

Objective and Scope

The objective of this audit was to test the A&M System’s and its members’ compliance with the THECB’s rules associated with the approval or re-approval for real property acquisitions, new construction projects, and repair and renovation projects. A system-wide sample of submissions for approval or re-approval from fiscal year 2010 through fiscal year 2013 was reviewed. The audit team followed the THECB’s 2011 Peer Review Team Facilities Audit Protocol as criteria for testing the audit sample.

THECB criteria in effect for the audit period require the following to be submitted to the THECB for consideration:

- New construction projects costing $4 million or more.
- Repair and renovation projects costing $4 million or more.
- Acquisitions of real property.
- Gifts or donations of improved real property.

THECB rules also require the following to be submitted for re-approval:

- Projects where total cost exceeds cost estimates by more than 10%.
- Projects where gross square footage is changed by more than 10%.
- Projects which have not been contracted for within 18 months from the final THECB approval date.
- Projects where any funding source of an approved project has been changed.

Fieldwork was conducted from September 2013 through October 2013.
Criteria

Our audit was based upon standards as set forth in the System Policy and Regulation Manual of the Texas A&M University System; the Texas Higher Education Coordinating Board’s 2011 Peer Review Team Facilities Audit Protocol; and other sound administrative practices. This audit was conducted in conformance with the Institute of Internal Auditors’ “International Standards for the Professional Practice of Internal Auditing.”

Additionally, we conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Team

Charlie Hrncir, CPA, Director
Holly Blue, CPA
Kendall Kleiber, CPA

Distribution List

Mr. John Sharp, Chancellor
Mr. Billy Hamilton, Executive Vice Chancellor and Chief Financial Officer
Mr. Phillip Ray, Chief Business Development Officer
Mr. Russell Wallace, Director of Facilities and Construction
Mr. Dan Kennedy, Assistant Director of Planning and Controls
Mr. James Davidson, Area Manager Controls
Mr. Tim Coffey, Managing Counsel, Property and Construction
Mr. Tom Keaton, Director of Finance and Resource Planning, THECB
Second Quarter Report for Fiscal Year 2013

TEXAS A&M UNIVERSITY

Review of Cancer Prevention and Research Institute of Texas Grant Awards

Catherine A. Smock, C.P.A.
Chief Auditor

Project #20140211
Overall Conclusion

Texas A&M University generally had controls in place to ensure compliance with the grant conditions for two of its three Cancer Prevention Research Institute of Texas (CPRIT) grants. The university failed to maintain documentation for the work performed and reported to CPRIT for one of the grants resulting in $321,782 of questioned costs. In addition, the university did not ensure that employee effort certifications were completed on all employees charging time to the grants as required by the state's grant management standards. Noncompliance with grant conditions and standards increases the university's risk for penalties and sanctions. For the three-year period under review, the university had three CPRIT grants totaling $1.6 million.

- Project Number PP100214: Development, Implementation, and Evaluation of a Cancer Genomics Training Program for Texas Health Educators, award amount $300,000
- Project Number PP110058: More Than A Picnic: It's A Family Affair for Lifestyle Change, award amount $539,227
- Project Number PP121002: Examination of the Pharmacological Properties of a Novel Antifungal Named Occidiofungin, award amount $777,884

Detailed Results

1. Missing Documentation and Failure to Notify

Texas A&M University could not provide documented support for the grant work conducted and reported to CPRIT for one of its CPRIT grants. The prevention grant, More than a Picnic: It's A Family Affair for Lifestyle Change, was awarded to the university in March 2011. The grant ended February 28, 2013 and the university expended $321,782 of the total award. The principal investigator (PI) for this grant separated from the university on February 28, 2013 and documentation of the work performed on the grant was not available. Section 4.01 of the contract states, “The recipient shall maintain records, documents
and other evidence pertaining in any way to its performance under this contract.” The lack of documentation resulted in questioned costs of $321,782.

In addition, the university did not notify CPRIT of its noncompliance when it became evident that the work performed and reported to CPRIT could not be supported as required in the contract. According to CPRIT’s requirements, “Recipients must report promptly to CPRIT the failure to comply with the terms and conditions of an award.” Noncompliance with grant conditions increases the university’s risk for penalties and sanctions.

Recommendation

The university should strengthen research data management to help ensure that supporting documentation is retained for any information reported to CPRIT according to contract terms and ensure the process addresses employee separations.

The university should also establish a process to ensure that they notify CPRIT promptly when the university fails to comply with grant conditions as required in the contract.

Management’s Response

Texas A&M University agrees with this finding and recommendation and will strengthen its contract compliance and obligations to the sponsor regarding research data management by revising the procedure addressing separation of employees from the university. Roles and responsibilities for the department, college or repository responsible for the data will be redefined to ensure that the university meets its obligations to the sponsor to retain or transfer the data in accordance with the sponsored agreement and/or via an agreement between the institutions if data is to be transferred with the PI. Monitoring of data management will be performed and any breach of the contract or failure to comply will be submitted to the sponsor by the university through Texas A&M System Sponsored Research Services. The new standard operating procedure will be submitted for approval by May 31, 2014. Approval of the procedure is anticipated by December 31, 2014.

2. Time and Effort Certifications

Certifications were not supported by the employee’s certification of effort as required for 3 of 30 (10%) certifications tested. The missing effort certifications were the result of students working on a grant and graduating before they certified their effort on the grant. The PI could have certified the
students’ effort, but did not. State uniform grant management standards (UGMS) require that personnel must certify semi-annually their effort on state funded awards.

**Recommendation**

The university should develop monitoring processes to ensure that time and effort certifications are complete, accurate, and include all employees with time charged to a project.

**Management’s Response**

*Texas A&M University agrees with the finding and recommendation. The three (3) outstanding effort documents have been certified. The university continues to work towards 100% certification and has been working with the SSO Time and Effort system administrators to implement an automated certification timeline for the escalation of e-mail notifications to department heads, deans, and to executive administration of the university. These system improvements are currently in process with an estimated implementation by the December 2014 certification period. The escalation e-mails will begin during the 45-day certification period in an effort to prevent noncompliance. Implementation of the timeline will include an out-of-compliance report after the 45-day certification period to be distributed to the PI’s administrative channels and to the Office of the Vice President for Research who oversees compliance of time and effort.*
Basis of Review

Objective and Scope

The objective of this audit was to test Texas A&M University’s compliance with CPRIT’s policies and procedures associated with CPRIT grants. Transactions related to these grants were reviewed for the period of September 2009 to August 2012. Fieldwork was conducted from October 2013 to January 2014.

Criteria

The audit team used CPRIT’s audit methodology as criteria to determine if:

- Required reports were filed timely.
- Expenditures were allowable and related to grant activities.
- Personnel level of effort reporting is tracked, reviewed, and certified for accuracy.
- Performance measures are reported accurately based on supporting documentation.
- All other requirements set forth in grant conditions were met.

Our audit was based upon standards as set forth in the System Policy and Regulation Manual of the Texas A&M University System and other sound administrative practices. This audit was conducted in conformance with the Institute of Internal Auditors’ “International Standards for the Professional Practice of Internal Auditing.”

Additionally, we conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.
Audit Team

Charlie Hrncir, CPA, Director
Kim Rutledge, CISA, Audit Manager
Chesney Cote, CPA
Katina Greenlee, CPA

Distribution List

Dr. Mark Hussey, Interim President
Dr. Glen Laine, Vice President for Research
Ms. B.J. Crain, Vice President for Finance & Administration
Dr. Jon Mogford, Vice Chancellor for Research
Mr. Leo Paterra, Executive Director, Sponsored Research Services
Mr. Charley Clark, Associate Vice President for University Risk and Compliance
The Texas A&M University System Internal Audit Department

Second Quarter Report for Fiscal Year 2013

TEXAS A&M AGRILIFE RESEARCH

Review of Cancer Prevention and Research Institute of Texas Grant Awards

Catherine A. Smock, C.P.A.
Chief Auditor

Project #20140601
Overall Conclusion

Texas A&M AgriLife Research generally had controls in place to ensure compliance with the grant conditions for all three of its Cancer Prevention Research Institute of Texas (CPRIT) grants, except in the area of effort certifications. The agency did not ensure that employee effort certifications were completed on all employees charging time to the grants as required by the state's grant management standards. Noncompliance with grant conditions and standards increases the agency's risk for penalties and sanctions. For the three-year period under review, AgriLife Research had three CPRIT grants totaling $599,893.

- Project Number RP110349: Development of a Novel Chemogenetic Approach to Structure/Function Analysis of Human Telomerase RNA, award amount $200,000
- Project Number RP120028: Targeting Prostaglandin Substrate Availability in Colon Cancer: Characterization of a Novel Arachidonic Acid-Deficient Mouse Model, award amount $199,999
- Project Number RP100473: Identification of Selective Modifiers of Crypt Stem Cells: The Cells of Origin of Intestinal Cancer, award amount $199,894

Detailed Results

Time and Effort Certifications

Certifications were not supported by the employee's certification of effort as required for 5 of 12 (42%) certifications tested. Missing effort certifications were the result of improper account setup in the time and effort system and a change in position for one individual. During account setup for payroll, a flag was not set to generate time and effort reports for these employees. State uniform grant management standards (UGMS) require that personnel must certify semi-annually their effort on state funded awards.
Recommendation

The agency should develop monitoring processes to ensure that time and effort certifications are complete, accurate, and include all employees with time charged to a project.

Management’s Response

We acknowledge that time and effort reporting was not set up correctly at initial account setup. This resulted in certifications not being completed for several individuals paid from CPRIT funds. These certifications have now been completed. In response to this, current accounts are now set up correctly and Sponsored Research Services has put measures in place to insure that in the future the time and effort flag is properly set to generate the required time and effort reports.
Basis of Review

Objective and Scope

The objective of this audit was to test Texas A&M AgriLife Research's compliance with CPRIT’s policies and procedures associated with CPRIT grants. Transactions related to these grants were reviewed for the period of September 2009 to August 2012. Fieldwork was conducted from October 2013 to January 2014.

Criteria

The audit team used CPRIT's audit methodology as criteria to determine if:

- Required reports were filed timely.
- Expenditures were allowable and related to grant activities.
- Personnel level of effort reporting is tracked, reviewed, and certified for accuracy.
- Performance measures are reported accurately based on supporting documentation.
- All other requirements set forth in grant conditions were met.

Our audit was based upon standards as set forth in the System Policy and Regulation Manual of the Texas A&M University System and other sound administrative practices. This audit was conducted in conformance with the Institute of Internal Auditors' “International Standards for the Professional Practice of Internal Auditing.”

Additionally, we conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.
Audit Team

Charlie Hrncir, CPA, Director
Kim Rutledge, CISA, Audit Manager
Chesney Cote, CPA
Katina Greenlee, CPA

Distribution List

Dr. Bill Dugas, Interim Vice Chancellor and Dean for Agriculture and Life Sciences
Dr. Craig Nessler, Director
Dr. Bill McCutchen, Executive Associate Agency Director
Mr. Mike McCasland, Assistant Director for Risk and Compliance
Ms. Debra Cummings, Assistant Director for Fiscal Services
Dr. Jon Mogford, Vice Chancellor for Research
Mr. Leo Paterra, Executive Director, Sponsored Research Services
Second Quarter Report for Fiscal Year 2013

TEXAS A&M UNIVERSITY
HEALTH SCIENCE CENTER

Review of Cancer Prevention and Research Institute of Texas Grant Awards

Catherine A. Smock, C.P.A.
Chief Auditor
Overall Conclusion

Texas A&M Health Science Center generally had controls in place to ensure compliance with the grant conditions for all five of its Cancer Prevention Research Institute of Texas (CPRIT) grants. Opportunities for improvement in employee effort certification compliance were noted. For the three-year period under review, Texas A&M Health Science Center had five CPRIT grants totaling $11 million.

- Project Number RP110532-AC: Administrative Core, award amount $2,479,350
- Project Number RP110532-P2: P2: Combinatorial Drug Discovery Program, award amount $3,865,222
- Project Number PP110176: Enhanced Colorectal Cancer Screening in a Family Medicine Residency Program Serving Low-Income & Underserved: Translating Research Into Practice, award amount $2,748,008
- Project Number RP110241: EPICO: Education to Promote Improved Cancer Outcomes, award amount $487,589
- Project Number RP120855: P1: Targeting Cellular Energetics Pathways in Endometrial Cancer, award amount $1,455,000

Detailed Results

Time and Effort Certifications

Certifications were not supported by the employee’s certification of effort as required for 3 of 37 (8%) certifications tested. The missing effort certifications were the result of changes to the source of funds for an employee’s payroll to correct the amount of payroll charged to the CPRIT grant account. The time system was not updated to reflect the payroll changes and trigger certifications. State uniform grant management standards (UGMS) require that personnel must certify semi-annually their effort on state funded awards.
Recommendation

The center should develop monitoring processes to ensure that time and effort certifications are complete, accurate and include all employees with time charged to a project.

Management’s Response

The center concurs with the recommendation. Management has determined that the missing certification documents were not created due to inadequate testing of a software change to the Time and Effort system, which is managed by the Texas A&M System. This has been rectified moving forward.

Management will add the following controls. Management of the center will more closely monitor application changes to the time and effort software and ensure that changes that impact the creation of certification documents are adequately tested. The center will also begin randomly selecting employees to spot check with payroll corrections beginning the spring of 2014 certification period.

Implementation: August 1, 2014.
Basis of Review

Objective and Scope

The objective of this audit was to test Texas A&M Health Science Center's compliance with CPRIT's policies and procedures associated with CPRIT grants. Transactions related to these grants were reviewed for the period of September 2009 to August 2012. Fieldwork was conducted from October 2013 to January 2014.

Criteria

The audit team used CPRIT's audit methodology as criteria to determine if:

- Required reports were filed timely.
- Expenditures were allowable and related to grant activities.
- Personnel level of effort reporting is tracked, reviewed, and certified for accuracy.
- Performance measures are reported accurately based on supporting documentation.
- All other requirements set forth in grant conditions were met.

Our audit was based upon standards as set forth in the System Policy and Regulation Manual of the Texas A&M University System and other sound administrative practices. This audit was conducted in conformance with the Institute of Internal Auditors' “International Standards for the Professional Practice of Internal Auditing.”

Additionally, we conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.
Audit Team

Charlie Hrnceir, CPA, Director
Kim Rutledge, CISA, Audit Manager
Chesney Cote, CPA
Katina Greenlee, CPA

Distribution List

Dr. Mark Hussey, Interim President
Dr. Brett Giroir, Executive Vice President and Chief Executive Officer
Dr. David Carlson, Vice President for Research & Graduate Studies
Dr. Barry Nelson, Vice President for Finance & Administration
Dr. Jon Mogford, Vice Chancellor for Research
Mr. Leo Paterra, Executive Director, Sponsored Research Services
TEXAS A&M AGRILIFE EXTENSION SERVICE

Review of Cancer Prevention and Research Institute of Texas Grant Awards

Catherine A. Smock, C.P.A.
Chief Auditor

Project #20140701
Overall Conclusion

Texas A&M AgriLife Extension Service had controls in place to ensure compliance with the grant conditions for all three of its Cancer Prevention Research Institute of Texas (CPRIT) grants. For the three-year period under review, Texas A&M AgriLife Extension Service had three CPRIT grants totaling $3.4 million.

- Project Number 10-52: _Cancer Risk Reduction Education Through Texas AgriLife Extension Service_, award amount $412,125
- Project Number PP100215: _Increasing Breast and Cervical Cancer Screening in Rural and Frontier Texas Communities: A Sustainable Strategy to Increase Screening and Early Detection_, award amount $300,000
- Project Number PP120099: _Increasing Breast and Cervical Cancer Screening and Diagnostic Services in 49 Rural, Frontier, and Border Counties: A Strategy to Improve Early Detection_, award amount $2,698,705

Basis of Review

Objective and Scope

The objective of this audit was to test Texas A&M AgriLife Extension Service’s compliance with CPRIT’s policies and procedures associated with CPRIT grants. Transactions related to these grants were reviewed for the period of September 2009 to August 2012. Fieldwork was conducted from October 2013 to January 2014.

Criteria

The audit team used CPRIT’s audit methodology as criteria to determine if:

- Required reports were filed timely.
- Expenditures were allowable and related to grant activities.
• Personnel level of effort reporting is tracked, reviewed, and certified for accuracy.
• Performance measures are reported accurately based on supporting documentation.
• All other requirements set forth in grant conditions were met.

Our audit was based upon standards as set forth in the System Policy and Regulation Manual of the Texas A&M University System and other sound administrative practices. This audit was conducted in conformance with the Institute of Internal Auditors’ “International Standards for the Professional Practice of Internal Auditing.”

Additionally, we conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Team

Charlie Hrncir, CPA, Director
Kim Rutledge, CISA, Audit Manager
Chesney Cote, CPA
Katina Greenlee, CPA

Distribution List

Dr. Bill Dugas, Interim Vice Chancellor and Dean for Agriculture and Life Sciences
Dr. Doug Steele, Director
Dr. Pete Gibbs, Associate Director for State Operations
Mr. Mike McCasland, Assistant Director for Risk and Compliance
Ms. Donna Alexander, Assistant Director for Fiscal Services
Dr. Jon Mogford, Vice Chancellor for Research
Mr. Leo Paterra, Executive Director, Sponsored Research Services
TEXAS A&M ENGINEERING
EXPERIMENT STATION

Review of Cancer Prevention and Research Institute of Texas Grant Awards

Catherine A. Smock, C.P.A.
Chief Auditor

Project #20140802
Overall Conclusion

Texas A&M Engineering Experiment Station (TEES) had controls in place to ensure compliance with the grant conditions for its Cancer Prevention Research Institute of Texas (CPRIT) grant. For the three-year period under review, TEES had one CPRIT grant in the amount of $200,000.

- Project Number RP120429: *A Lentivirus-Mediated Dual Library, Dual Selection Approach for the Identification of Surface Biomarkers and Antibodies Specific to Cancer Cells*, award amount $200,000

Basis of Review

Objective and Scope

The objective of this audit was to test TEES’s compliance with CPRIT's policies and procedures associated with CPRIT grants. Transactions related to this grant were reviewed for the period of September 2009 to August 2012. Fieldwork was conducted from October 2013 to January 2014.

Criteria

The audit team used CPRIT’s audit methodology as criteria to determine if:

- Required reports were filed timely.
- Expenditures were allowable and related to grant activities.
- Personnel level of effort reporting is tracked, reviewed, and certified for accuracy.
- Performance measures are reported accurately based on supporting documentation.
- All other requirements set forth in grant conditions were met.
Our audit was based upon standards as set forth in the System Policy and Regulation Manual of the Texas A&M University System and other sound administrative practices. This audit was conducted in conformance with the Institute of Internal Auditors' "International Standards for the Professional Practice of Internal Auditing."

Additionally, we conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Team

Charlie Hrncir, CPA, Director
Kim Rutledge, CISA, Audit Manager
Chesney Cote, CPA
Katina Greenlee, CPA

Distribution List

Dr. Katherine Banks, Vice Chancellor and Dean of Engineering
Mr. John Crawford, Assistant Vice Chancellor and Chief Financial Officer
Dr. Jon Mogford, Vice Chancellor for Research
Dr. Dimitris Lagoudas, Agency Deputy Director
Mr. Leo Paterra, Executive Director, Sponsored Research Services
Ms. Lisa Akin, Director, Risk and Compliance